

FISCAL NOTE

Bill #: HB0092

Title: Fund natural resource damage litigation program

Primary

Sponsor: Roger Somerville

Status: Second reading as amended by House Appropriations Committee

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
State Special Revenue	\$825,000	\$825,000
Revenue:	\$0	\$0
Net Impact on General Fund Balance:	(\$45,000)	(\$91,000)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

1. The bill provides funding to continue pursuit of the state's natural resource damage litigation against the Atlantic Richfield Company (ARCO). Any funds recovered by the state in the litigation will be used to reimburse the expenses of the natural resource damage assessment, including interest, the costs of litigating the state's claim, and the administrative expenses related to restoration of natural resources to the extent consistent with state and federal law.
2. The state has settled a major portion of its natural resource damage claims against ARCO and repaid approximately \$12.3 million to the coal tax trust fund in FY 1999, including \$2.5 million in interest, for all loans made to the program between the years 1985 and 1997.

(continued)

3. In addition, the general fund was repaid approximately \$721,000 (includes interest) in FY 1999 for partial reimbursement of the \$2.5 million appropriation made by the 1997 Legislature. An additional \$1,139,000 (includes interest) was repaid for reimbursement of expenses made by the program in 1981-1991 (prior to coal tax loans).
4. Final settlement or adjudication of the case during the 2001 biennium would likely result in the repayment of funds appropriated pursuant to HB92, to the extent consistent with federal laws. However, a specific repayment amount cannot be estimated with certainty because the case is still in litigation.
5. Under Section 2 of the bill, it is anticipated that approximately \$300,000 will be transferred to the general fund at the end of the current biennium.
6. Section 1 contains a biennial appropriation. It is estimated that approximately 50% of the appropriation will be spent in each year of the biennium, as shown below.
7. General fund interest lost due to the loan will be calculated at 5.51% in FY 2000 and 5.55% in FY 2001 [HJR 2 yield assumption] or about \$45,000 and \$91,000 each year respectively.

FISCAL IMPACT:

Dept. of Justice

	<u>FY2000</u> <u>Difference</u>	<u>FY2001</u> <u>Difference</u>
FTE	9.00	9.00

Expenditures:

Personal Services	\$385,000	\$385,000
Operating Expenses	<u>440,000</u>	<u>440,000</u>
TOTAL	\$825,000	\$825,000

Funding:

State Special Revenue (02)	\$825,000	\$825,000
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Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund	(\$45,000)	(\$91,000)
State Special Revenue (02)	(\$825,000)	(\$825,000)

LONG-RANGE IMPACTS:

The state already has settled a major portion of this litigation for \$215 million, most of which will be used to restore lost or damaged resources in the Clark Fork Basin and to clean up the Silver Bow Creek area south of Butte. Continuation of the litigation and settlement negotiations will have long-term economic benefit to the state and to the restoration of natural resources in the affected areas.

TECHNICAL NOTES:

The bill does not address the payment of interest. In past years when money was loaned from the coal severance tax permanent fund for this program, repayment with interest was required.